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OUT ON A LIMB:  
DISPLACED WORKERS IN A MODERN ECONOMY

by

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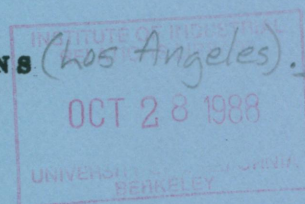
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Instead of retiring to a desert island to write a book during a recent sabbatical, we went to a defunct dog food and cereal plant in northern California, to run a project for displaced factory workers. This first-hand experience gave a unique opportunity to understand the plight of production workers, most of whom found themselves out on a limb, stranded between an old, dying industry and the modern economy. It also offered a vantage point from which to assess the impact of federal policies for displaced workers--an issue of growing national importance.

A plant shutdown is like a laboratory. Peeling back the layers of human responses to a closure reveals both sides of deeply-held and conflicting beliefs. Management usually favors the traditional conservative view that capital should be free to come and go with market demands, while workers and their unions are most concerned with keeping their jobs and maintaining the stability of their communities. Management's typically conservative position stems from the belief that capital must be free to move toward new and profitable opportunity. A market free of regulation, according to this view, will sort out the costs and benefits of economic dislocations and allocate them fairly. As capital moves toward more productive ventures, the economy will expand and newly-created jobs will offset the loss of old jobs. Most free market advocates assert that anxiety about economic uncertainty is good because it creates personal incentives for hard work and savings.

The traditional liberal position, on the other hand, maintains that a free market is a fiction. Instead, this view holds that the market is an oligopoly, comprising a relatively few, powerful interests which reap rewards at the expense of the average person on the street. Consequently, liberal policies promote a governmental role in long-term planning and the use of subsidies to entice capital to move to productive sectors. Unlike conservative policies that underscore the central importance of personal and national productivity, liberal policies aim more at emphasizing equity by regulating market forces and by providing services to cushion those affected by economic dislocation.

Thus, the project promised an unusual view of how the market allocates costs and benefits. It also offered a chance to analyze the impact of education and training--the popular antidote to economic displacement.

#### Employment and Training Policy: Shaped by Beliefs and a Rapidly-Changing World Economy

Fondly remembered by some as the hope of putting the unemployed to work, but denigrated by others as a federal giveaway, CETA (the Comprehensive Employment and Training Act) spent \$53 billion over its nine years to counter the impact of unemployment through training, job counseling and placement service and by creating jobs in the public sector. When the Republicans took control in 1980, CETA was criticized for flagrant spending that failed to produce anything but temporary make-work jobs and meaningless training that led nowhere. President Reagan's employment policy, JTPA (the Job Training Partnership Act), which replaced CETA, aimed at promoting productivity by slashing public-sector employment and living stipends for trainees, and by linking training to the private sector. In this way, sponsors of the Act believed, the demand for training would march to the tune called by the market. Thus, it would be more efficient than former liberal policies, and

would put more of the burden on individuals. Title III of the JTPA now provides training to dislocated workers under the assumption that training will help substantial numbers of workers move from declining to growth industries. An advisory group of labor, business, and public leaders recently joined the Reagan Administration in pushing for a billion dollar program to rehabilitate "veterans of economic warfare"--workers who lose their jobs because of plant closures that stem from international competition.

Plant closures have captured presidential attention because of the political reverberations caused by businesses that close and move with the market. National attention has also been heightened because economic dislocations are quickly becoming a trend of the future. As Peter Drucker notes in Foreign Affairs (1986), the U.S. has moved from a national to a world economy--a world economy in which primary products (petroleum and steel, for example) have become uncoupled from the traditional industrial economy because of new technology. According to Drucker, the industrial economy has become uncoupled from employment, and the movement of capital (rather than trade) has become the driving force of the world economy. As these events have taken shape over the past few years, the center of the world economy has made a dramatic shift from Western Europe and the Eastern United States to the Pacific Rim nations. The impact of these shifts on U.S. foreign trade has been keenly felt, for it is estimated that for every billion dollars lost in trade, 25,000 jobs are lost as well.

The impact of international competition and a changed world scenario has caused "productivity" to become a new national slogan, and plant closures have become commonplace as capital moves toward new opportunity. Figures recently released by the Congressional Office of Technology Assessment reveal the pattern. Over a five-year period (from 1979 to 1984), 11.5 million American



workers lost their jobs because of shutdowns, relocations or layoffs resulting from slack demand. Of the 11.5 million, 5.1 million had held their jobs for three years or more, and were thus labeled by the Bureau of Labor Statistics as "displaced". As of 1984, 25% of these workers were still unemployed, while another 14% had dropped out of the labor force. Of those who were employed, nearly half took cuts in pay, and two-thirds were earning less than 80% of their former salaries. Further, because of international competition and changes in manufacturing technologies, the manufacturing sector has been hit hardest by plant closures. A world view thus makes it easier to understand how the manufacturing sector has deteriorated as a source of high-paying, blue-collar production jobs. Within manufacturing, production jobs have also declined. For example, in 1947 production work accounted for 83% of manufacturing compared with only 70% in 1984. Finally, though less than 20% of the U.S. workforce is currently employed in manufacturing, that sector has so far absorbed 50% of the layoffs. It is easy to see why. Being rapidly transformed by new technologies, and hit hard by international competition, manufacturing jobs are the easiest to automate and the easiest to move offshore to reduce costs. There is little doubt that workers who hold these jobs will be vulnerable to layoffs at least through the end of the century.

At the same time the manufacturing sector is shrinking and being transformed, the large, lower-paying service sector is expanding. For the last half-century, the service sector has accounted for almost half of all employment. As of today, nearly 60% of all workers hold jobs in the service-producing sector. The Bureau of Labor Statistics projects that by 1990, the service sector will grow more than five times faster than the manufacturing sector (U.S. Congressional Budget Office, 1982).

The victims of closures and layoffs are usually white males, although women and minorities fare worse in finding new work, navigating between the old economy and the new. Older workers, especially, have extreme difficulty in readjusting after a plant closure. They suffer longer periods of unemployment than younger workers, and often become discouraged and drop out of the labor market. During a job search, older workers may encounter age discrimination, and if they do return to work, they tend to take a substantial cut in pay (U.S. Congress, House Select Committee on Aging, 1985; Bartholomew, 1987).

California mirrors national economic patterns in most important ways. As the nation's largest industrial state, California added 2,000,000 new manufacturing jobs between 1972-1980. Between 1980 and 1984 employment in basic industries fell precipitously, causing a rash of closures among steel, auto, and construction equipment plants. At the same time, new higher-technology manufacturing industries (electronic components, communication equipment, and computers) grew rapidly, offsetting somewhat the loss in manufacturing. During this period, nearly 1 million jobs were lost due to shutdowns and layoffs. About 20% of the layoffs were in manufacturing.

#### The Carnation Laboratory

To most even casual observers it was clear that the antiquated Carnation plant would close sooner or later. Located on a valuable deep-water dock in Oakland's Port, the plant had sat on a spectacular piece of real estate for more than 60 years. Matson shipping lines, its neighbor to the south, wanted the space for expansion. Even though Carnation's raw materials now came by rail, the firm hung onto the dock space because of a low-cost lease it had negotiated with the Port years ago. However, the plant was quickly becoming

obsolete and there had been rumors for some time that the plant would close.

One of the line operators said:

I kind of saw it coming. There were signs. I guess the year before it closed there was a massive layoff. We were down for more time than we had ever been before. Something in my brain said something more than what they said was going on. I just kind of felt that it was about that time. Because, in actuality, that plant had outlived its life as a plant from the first day I walked in. It was old.

The rumor became fact when Carnation gave its workforce 90-days' advance notice of its impending closure on May 31, 1983. Workers were to receive one week's severance pay for each year of service.

The economy of Alameda County, where the Oakland Port is located, mirrored California's. While manufacturing grew rapidly from 1972 to 1980 adding a half-million new jobs, the county experienced a dramatic downturn between 1980 and 1983 as 95 firms closed their doors. Alameda County drew the dubious distinction of becoming second only to Los Angeles County in plant closures.

Prior to the Carnation closure, community groups had pressured the Oakland Mayor to intervene to keep the plant open. The Mayor chose to keep his distance. However, recognizing the political gain that might stem from a "successful" closure, a local businessman initiated discussions between the authors, the union, and lay members in the plant.

The Carnation workers belonged to Local 6 of the International Longshoremen's and Warehousemen's Union (ILWU), which itself was undergoing a radical transformation. During the years of economic expansion, Local 6 had been a powerful and militant union. Its stark drop in membership since 1977 (from 9,000 to 5,000) reflected the overall economic decline of the area. In a series of meetings with the Oakland Private Industry Council, labor representatives, and the Oakland Port, we quickly sketched out a reemployment project to ease the effects of the impending closure. Forty-five days after



the plant had closed, the state funded the project under Title III of the Job Training Partnership Act. While the project was primarily designed to provide retraining and job placement help to the dislocated Carnation workers, it also provided an opportunity to examine a closure in great detail.

### First Steps

Part of what made Carnation an interesting case was its small size. Unlike the massive GM plant in Fremont, or the Ford plant in Milpitas which had already idled many thousands of workers, Carnation was a typical small plant--the kind that accounts for most closures.

The Carnation workforce included 178 men and women. One hundred-nineteen were laborers and equipment operators, 10 were craftspeople, 9 were laboratory technicians, and 40 were clerical workers and supervisors. The 128 laborers, equipment operators and lab technicians had been represented by Local 6.

All employees were invited to participate in the assistance program. Although 74 workers initially expressed interest in the project, 10 voluntarily withdrew because they decided to retire, found new jobs, or were disabled. Half of the former Carnation workforce, which had belonged to Local 6 (64 men and women), ultimately signed up. Not surprisingly, the 64 workers who asked for help were drawn from the lower rungs of the socioeconomic ladder. Latinos and Blacks were more likely to request assistance. In all likelihood they had worked as low-level laborers or semi-skilled workers.

We interviewed each of the 64 workers in detail about their lives and expectations for the future. Because some workers spoke little English, a half-dozen interviews were conducted in Spanish. Additionally, weekly group meetings were held to exchange information and to capitalize on the workers' esprit de corps. A bilingual newsletter was established to carry news of new

developments. Transcripts and notes were kept from the interviews and meetings which were later transcribed.

In the first few weeks of the project, an advisory committee was established to provide access to resources of the area while focusing public attention on the problem. The committee included executives of Oakland's business and labor organizations, a county supervisor, and members of the academic and religious community. It was clear that by even the third month of unemployment some of the Carnation workers were having trouble paying their bills. State unemployment benefits, which were available for six months, and equaled about half of most workers' former salaries, were simply not enough for many of the workers to live on. Financial worries, in addition to the adjustments of being unemployed, resulted in increasing levels of personal tension. Accordingly, arrangements were made for financial counseling, short-term financial assistance and stress-related therapy.

Not surprisingly, many of the workers were still shocked and felt a growing sense of bitterness and anxiety about their vulnerability ten weeks after the closure. Bud Freeman, a rangey mid-westerner who had worked on the production line for 36 years, exclaimed:

I felt very bitter, very angry. I first heard it in the rumor stage, and I refused to believe it because the prospect was just too terrible to contemplate at that time. ...numb. I don't know what to say or what to think. I hope to God I'll never have to go through it again. Because it's terrible. You figure you have your future mapped out. In nine more years you can retire. Everything is moving along. Then, SNAP! BING! They wipe it out, and yank out the rug from under you and there you are. Your world comes crashing down on your ears. You don't know where you're at. How are you going to make it? How are you going to live?

Another worker, Raul Rodriguez, who had worked at the plant for nine years, described how he felt victimized by powerful economic forces:

They just came and stole something from us. Like I said, I'd planned on staying there the rest of my life. They just came and picked up

my place and took it away. It's greed. Money. It's all about making the Bay Area the "Number One Port." But I have to suffer for what they want to do. I felt they owed me something, 'cause I had a future there. And they took it away from me. I'm sure that they don't care, but I wish they did.

All of the Carnation employees who sought help had been production workers --each helping in one way or another to transform the raw materials into pet food or cereal. D. C. Johnson, who had worked at Carnation since 1961, described his job:

I was a bagger man. It's a...they fill bags. They have an individual fill the bags and they send them down to me. And I load them one-by-one. Let's say a 5-pound bag, and when they get it to me, I put 10 bags in one big one called a bailer, an automatic bailer, send them on down and seal them. My job was to operate their bailer.

All of the workers started off at Carnation in the dirtiest and most boring jobs--sweeping and cleaning up. From there they could advance into regular jobs on the line. Lorraine Hopkins had worked in the plant for eight years, and she described her progression through the ranks:

When I first went, I was just sweeping. Then I went to handpacking cornmeal. I did that for a couple of years. Then I went to casing. You sit at this machine and when the boxes come down the line, you make them into a box 'cause they're flat, and put them on the line. We would do 2,700 a day. Twelve boxes would go inside a case. I hand-stacked 50-pound bags. They would come off a slide and I'd stack them about five feet high.

### Trapped by Their Own Success

The men and women who lost their jobs when Carnation closed had become firmly established as part of their communities through their relatively high wages and job stability. The average Carnation worker had lived in the Bay Area for 20 years, and more than half owned their own homes. Though they were willing to commute to new jobs, two-thirds were unwilling to relocate. For most, life had been good at Carnation, and the plant was considered a place to stay. One in five workers was over 50 and had worked at the plant for 20 years or more. As one worker said, "I came here for a day and stayed for

35 years!" So, they found themselves, in the growing company of others, out on a limb--stranded between the old and the new economies enable to go forward, and unable to go back.

Their lack of formal education also limited Carnation workers' ability to move into the modern economy. While nearly a quarter of young Blacks and Whites had some kind of post-secondary education, the majority, had achieved little in formal educational terms. For example, more than a third (36%) were high school dropouts. Over half of the older workers and two-thirds of the Latinos had failed to finish high school. Tests revealed that slightly more than a third (36%) could do math at an eighth-grade level, while just half could read at an eighth-grade level. D. C. Johnson said candidly:

I finished the ninth. I would have liked to learn more than I did. I just learned as much as I could. But I do know this--the more education you got, the more enlightened you are, and I just am not enlightened enough, really! Take for instance when I read something the first time, I read it just to read it. The second time is for reading, the third time it will soak in.

#### Limited Vision, Limited View

But, despite the Carnation workers' attachment to their jobs, they did not think of working at Carnation as a career. As Lavinia Jackson, a middle-aged plant veteran said, "I guess I term work and a job as two different things. A job is just...you fill out the application and the man says, 'you and you.'" Other workers like Michael Goodman, who had worked on the line, elaborated.

When you find yourself working a steady job, 40-hours a week, that doesn't require you to think of career-type things. It's a job, not a career. And when I took that job and made my seniority and I realized I'm going to be there for awhile, I said, "alright, this is what I'm going to do to make a living, to take care of things." So I was rationalizing it like that. It was simple to deal with. It doesn't require much thought if you want to know the truth. It's a routine thing. You go give this guy eight hours, and you go do the rest of your life.

Most workers came to work at Carnation through a seemingly random pattern of casual employment--jobs that were always plentiful in an expanding manufacturing economy. The Local 6 hiring hall was the route to most workers' vision of infinite well-paying, low-skilled jobs that could be had for a day or two, or a lifetime. Jaime Alvarado, who emigrated from Mexico in 1949, said in Spanish:

My first job in America was at American Glass. I was a cutter. They cut glass for buildings and I joined the union because that company went union. From there I went to Owens, Illinois. I started as a sweeper, then to forklift driver. After seniority, I went to jitney driver. Then I got laid off 'cause they closed a warehouse they had, and put in new machinery, and that eliminated a lot of us. From there....Oh, I worked as a forklift driver for 7 years at PBO. Then I went to Carnation. I was a bailer and general worker.

Though all the workers extolled the virtues of a good education, most were quick to acknowledge that jobs at Carnation required little formal education and provided scant incentives to improve one's self educationally. A plant veteran who had finished high school commented on the value of his education, "I don't think it did anything to help me at Carnation. Carnation was basically a labor job. As far as advancing, I felt it was high impossible for me myself to get to the top." Another worker added, "There was no opportunity for mobility, no opportunity for advancement. What I did 30 years ago, I'm still doing now!" In short, most workers saw their jobs as dead ends. Theodore Dallas, a tall, young Black man, was critical about the lack of freedom to use judgment on the job:

...I went to be jack of all trades. I didn't like anything about the jobs that I did, 'cause there was no system. You just do it. No pattern. It is very hard to work like that. There is no...they might tell you to do something. You are doing something now. And all of a sudden, five minutes later, they tell you to do something else. You are never sure of what they want you to do.

But the routine of the work offered freedom to many workers to socialize and form relationships with each other. "They were like a family," commented the

union business agent. Bud Freeman reinforced the agent's view while echoing the comments of others as he described how his job made him feel.

Once you got used to it, it was second nature. And I guess it was a feeling of accomplishment, a feeling, I mean, Hey, I can hack it. The plant itself, I mean the hours were beautiful, let's face it. The pay was beautiful, and the people were one of the best bunch of people I've ever worked with. I was there 36 Years! Actually, I was 35 years, 8 months, 2 days! Call me a liar for 4 months!

We were like a family there. Oh, we had our disagreements. I mean any place is going to be that way when you work with the same people day in and day out. Talk about sports, politics, you name it. It was a wonderful place to work and a wonderful gang of people to work with. And I know it. I'm not expecting it, but if I could get anything close to it, I would consider myself fortunate.

#### Staying Had Its Price

As already indicated, most Carnation workers had been drawn to work at the plant through a pattern of casual work, moving laterally from job-to-job. Everyone agreed that the wages were the significant inducement to stay. As Bobby Evans said, "I was young when I came to Carnation. I made pretty good money. I had my own home--obligations." Another young worker, William Emmerson, said he had no plans about how long he might stay at Carnation:

I had no idea! I really didn't have no idea how long I would last. I just knew I had a wife and kids I had to take care of. Whatever it took to take care of her and the kids that was coming along, I'd made up my mind that I'd do. Just being durable, being punctual. I tried to do that all the years that I was there.

But, according to many workers, staying had a price. Dave Moore, who had been a car cooper (unloading, cleaning and reloading freight cars) observed, "I got into a rut when I went to work at Carnation and wasn't able to get out. There was no advancement. No opportunity to go anyplace." Bobby Evans elaborated on Emmerson's point:

I ended up with one of the best jobs they had at the plant. But I soon found out there was a limit there. And pretty soon I began to get to a point where I was satisfied and being satisfied merely stunted my growth. I got hooked up on the money part. I began to



buy things and I began to flourish in a lot of the material sides of life.

According to Evans, he was unhappy that his complacency kept him from going back to school:

I shouldn't have gotten dormant at Carnation. You get satisfied with the money and then you don't feel like hassling and going to school. And then you're saying, "Well, I make pretty good money, and I'm taking care of what I have to take care of." You know? And so what happens year after year, you say you'll make a move. You say you're going to do this and then you don't do it. And, then, you're complacent.

To many, the high wages and the resulting complacency were a trap. According to Michael Goodman, no one with any sense could afford to walk away from Carnation no matter how stultifying the work was.

I had a job. You just don't jump up and leave a job and go out somewhere else. Your family looks at you like you're crazy. "What, you quit the job you already had?"

#### From Isolation to Reality

Even though the workers knew the plant would close sooner or later, few said they gave much thought to what else they could do for a living. Why should they, when they could always hire onto production jobs with the assurance that when they were laid off they could quickly find another job through the union hall? Also, the routine of factory life, and the feelings of security that came with it, dulled impulses to plan their future in even young workers. It was almost as though time stood still within the plant, while it marched by outside. Todd Williams observed:

You can't depend on a shovel all your life. It's been getting harder for me now. I'm realizing now just how long it's been since I've really made contact with the outside world.

The plant closure forced workers for the first time, to make conscious decisions about the direction their lives might take. To help workers focus on how they might put their years of experience to work in new jobs, a private

firm was hired to provide vocational counseling. The program included hands-on experiences in a variety of simulated work settings, resume development, and job search techniques.

Like most other people, the workers had dreams of working in jobs where they would get more respect, or really stepping out on their own as entrepreneurs. In his preacher's cadence, Bobby Evans explained:

I'm looking for a job that one could tell people that this is the kind of job that I have. And not be ashamed. I like the business suit look. I like the suit. I'm a suit man. I like the suit. I like the style, you know. I like the business type thing. I want to get into a place where there are advancements, you know. And something that you can be proud of, you know.

Others like Ronny Hays dreamed of having their own businesses. They dreamed of working for themselves, of not being on the bottom and always taking orders from others. Hays described his dream:

I look at myself as having a nice roomy bar. Not a dance where everybody get out there 'cause I don't want a lot of young people...I see how the young people are now. How they're growing up to be and they're going to be wild. If they don't get no education, why, they're going to be wild. And I wouldn't want that in some club of mine, you know. I like contemporary music. I like jazz, you know. Rhythm and blues. I know a lot of people who sings on radio now and I figure since I know them I could get my own little club and maybe talk them later on where they'll do something for me like my grand opening.

Counseling helped drive home the reality of the declining opportunities for production work in manufacturing. Arthur Washington, who had two years of college, had worked on the line at Carnation for 14 years. He observed:

The assembly line kind of job, I see it really gone. And it's going to be more in an office setting, or a lab setting with those kind of skills to go along with it. Very more mental than physical jobs. Five or six years ago you could walk into a place and be trained right there. Not anymore.

Because they had been isolated from the realities of the labor market, many of the workers began to express feelings of desperation since they realized how it had changed. "I am ready to go into anything, whatever is out there,"

exclaimed Rick Smith, who had been an expander operator for 17 years. "I'll accept anything right now. I'll sweep the street, work in a dog pound, or clean up stables. It doesn't make any difference as long as I have some sort of income coming in."

But between the fantasy of dreams and the reality of production work, most Carnation workers, even with vocational counseling, had little idea of where else they would fit into a rapidly changing economy. Lorraine Hopkins' comment revealed a common degree of confusion about her next step:

I'd like to be trained in butchery. It would be a different job than what I have had already. Also cosmetology. I like doing that. I went to school a while for it. So I know a little about it. This friend of mine, her husband is a butcher and he makes a lot of money. I don't know if women do it, but I would like to try. I don't have the slightest idea on what you you do to get into that.

Similarly, Bud Freeman knew the market was changing, but he had a limited grasp of where he would turn next.

I'm thinking that the future seems to be in service and technology industry. Wouldn't mind getting into a shipping and receiving thing. Actually, what fascinates me is computers. I don't know the first thing about them, and they intrigue the pants off me. I'd really like to get into something in that field if I could. You hear about microchips, processing, etc., etc. It's all Greek to me. Let's face it, this is the wave of the future. You can't stick your feet in the past 'cause the future is going to pass you by, brother. If it comes along, you better grab the brass ring and go along with it and that's what counts.

### Beyond Their Grasp

Whether or not in fact it would help them to become more occupationally mobile, most workers believed that education and training were essential ingredients for success. They were almost universal in their endorsement of education and training as the solution. Quincy Patterson, who had been an expander operator for three years explained how he thought training helped foster personal independence:

It gives you opportunity to do more than just look for a job. It gives you an opportunity to say, "This is what I want to be." You

go into a employer and say, "This is what I am, take it or leave it!" When you don't have job training, when you have been working at one job, and they say, "What can you show?" you really can't show them nothing.

Todd Williams said that training would give him some skills to fall back on. He elaborated that training, "should be mandatory for individuals like myself, or older guys who have messed up. It's something we all need." Many workers saw a college degree (as distinct from job training) as the passport to the future. Ronny Hays mused as if talking to a another person, "Stay in school. Get your degree, AA or BA. That paper will do wonders for you." But, for most, training and education remained an illusion.

As noted earlier, more than a third of the workforce had dropped out of high school and half could read at only an eighth-grade level. However, because of their need for immediate income, few workers were initially interested in assistance with reading, writing and arithmetic. However, a few months later, after a half-dozen of the younger workers had been rejected by major employers like the telephone company and United Airlines because they failed employment tests, a demand for education in the basics quickly arose. Word of the young mens' failure and rejection soon spread, and within a few days, 18 workers requested help in improving their reading, writing, and arithmetic.

Two specialists developed a curriculum around standardized employment tests-- including spatial relations, basic arithmetic, and reading comprehension. The program narrowly focussed on preparing workers to pass employment tests with four weeks of study. A bilingual teacher was hired to provide special help to native Spanish speakers. Classes were scheduled in the familiar surroundings of the Local 6 hall, for four days a week at convenient hours. Thirteen workers came to the first meeting, but by the end of the first week, six had

dropped out. By the end of the second week ten had left. Only one worker successfully finished the program. In follow-up interviews, nine said they had left because they got jobs. Though most said they would try to come back and keep up, none did. As Peter Blanco, a high school dropout who had been a machine operator for 17 years, explained:

I've got work. I've got a future again. I'd like to come back, maybe finish the course, but I'm so pooped when I get off...I don't know.

The other four dropped out because they lacked the confidence to complete the course. "I just can't do pencil and paper type work," claimed Jim Birmingham, a young and obviously bright young man. "I'm just afraid of falling behind and looking bad." Bill Paige, an older man who had been an oiler and machine operator for 35 years, said "fractions and math just aren't for me." The other two who withdrew were Latinos whose English was so poor that they felt they could not complete the program even with the help of the bilingual teacher.

The workers' fear of math and learning to read comes as little surprise. Most had been away from school for years where they had not done well. Nevertheless, they successfully adjusted to adult working life despite the deficit. Carnation's antiquated production machinery demanded workers who had a certain amount of practical intelligence to keep it running. Bobby Evans, a young Black man who was a father of two children and a preacher in his church explained:

I was a raw shooter. I was the one who brought the products from different parts of the plant. From where I was situated I would put in the different ingredients. I would calibrate the fat, the digest, the color, and I would send it down for final processing. There were many times things would go wrong, and I would have to be the one to have to know where the problem was, and I would fill in on that station. I knew the fat lines, the color lines, the elevator lines, shooter lines, when they go wrong.

But, as Evans noted, though he had to have specialized knowledge to do the job, it had its limits as far as he was concerned:

It was interesting. It wasn't just one thing you knew, you had to know quite a few things. It was very educational. It just hurts me I can't use it anywhere else...

Tom Fuller, a 300-pound line mechanic said he had always disliked school and tested at the eighth-grade level in reading. According to Fuller, he felt bad because his reading and math scores were low. Yet, he was regarded as an expert mechanic by the plant manager as well as his coworkers. "Tom can fix anything that goes down," they claimed. Fuller said that he developed his interest and knowledge as a child, while working with his father who was a millwright. When the Oakland plant closed, some of the newer equipment was reinstalled in a Missouri plant where it failed. Fuller, still unemployed, was said to be the only person who could fix it. Though he was worried that a consulting job would jeopardize his unemployment insurance, Fuller agreed to fly out and fix it.

Thus, it is clear that in at least this old manufacturing plant, workers could get along without much of a basic education. In fact, their practical knowledge was vital to keeping the line running. Perhaps this "hands-on" approach to learning helps explain many of the workers' aversion to formal learning. For example, Lavinia Jackson discussed how she learned best:

Theory is not a good way to learn. You need practice. I'm better at doing things with my hands. I can't function in those school situations. Theories and lectures are not for me. Just put it on the table and show me how to put the pieces together.

Another worker echoed Johnson's comments:

You know, I can't read too good. Books never did anything for me. But just show me once how something is put together and you never need to show me again.

Not only did formal job training appear to be ill-suited to most Carnation workers needs, it also proved to be beyond the financial reach of most. Seven



local private vocational schools contributed \$35,000 in scholarship aid, to match JTPA funds. Programs were offered in trucking, auto mechanics, computer repair, accounting and welding--fields in which the workers had expressed interest. Also, the project offered on-the-job training. However, only 19 of the workers signed up for classroom or on-the-job retraining. When asked why they chose not to retrain, workers were most likely to say that they could not afford it. Also, some volunteered that they were afraid of school, they doubted the rewards of training, or they were just too attached to their former type of work to change.

Lack of money was the leading reason younger workers gave for not electing retraining. They said that they couldn't afford retraining because though the training itself was already subsidized, there was no subsidy for living. While workers were allowed to extend their unemployment benefits for up to one year, they said the UI benefits weren't enough for adequate family maintenance. Arnold Atwater gave a colorful account of his financial dilemma:

You can't go into training if you have a family to support and a lot of large bills to pay. You can't be relaxed when the roach is rappin' on your flour pail.

Many of the workers saw the paradoxical nature of the problem. Juan Domingo was 38. He had a high school diploma and had spent a year-and-a-half in school at a junior college. His wife was expecting their first baby soon. He had had a series of short-term jobs by the time he sought assistance. None had lasted more than a few weeks, and he was worried about getting steady work.

I can't take time off from work to train. Places all around are closing down. I'm afraid I won't be able to get a job. I can't spend time training. I have to find a job. I have a baby coming. I have to find a good job.

Workers over 45 years of age were even more reluctant to train than younger workers. The older workers frequently said that they did not have

enough working years left to make training a worthwhile investment, and that they were looking forward to retirement. Also, they had been satisfied with their work at Carnation and valued the sense of competence the work had given them. They were unwilling to risk losing these feelings of competence and satisfaction in a training classroom, where they feared that because of their age, they could not learn new skills and would fail.

The importance of helping the workers get back on the job as quickly as possible, thereby minimizing the negative economic and social effects of unemployment, soon became apparent to the authors. Placement through the project was slow and difficult. By early November, 15 workers were employed, but most were not. Some had found work through the Local 6 hiring hall, which proved to be a mixed blessing. Most of those who chose to look for work through the hall found that although the surroundings were familiar and friendly, there were few jobs to supply the growing demand. Most jobs that came through the hall, though they paid well, lasted only a day or two. However, some permanent jobs did materialize, thus holding out hope for other, still unemployed workers. For example, B. E. Miller, an older man, who waited at the hall each day, went out on what would probably be only a temporary job at Oakland Scavengers--the local dump. The job, however turned out to be permanent, and Miller made seniority. The news of Miller's success quickly spread through the other Carnation workers. Simply hearing about his good fortune, caused a number of other workers to abandon plans for retraining or seeking work in other fields, and encouraged them to go to the hall to wait for work. Thus, the occasional success like Miller's buoyed the workers' spirits, while at the same time dampening their enthusiasm for looking at alternatives to working in a dying industry.

Job openings were a temporary phenomenon--here today and gone tomorrow, filled by applicants who were at the right place at the right time. Thus, for a placement program to succeed, employers had to know about it. Accordingly, more than 2,000 Alameda County employers who would most likely have production or warehouse jobs were targeted for a direct approach. A simple brochure designed to appeal to employers' needs for reliable, stable employees was mailed with letters signed by the Oakland Mayor and a county supervisor. Two hundred letters were mailed every ten days. Each letter was quickly followed up by a telephone call. The procedure yielded an approximate 5% return, or 100 jobs over two and one-half months, which were either filled by Carnation workers or referred to the local private Industry Council.

### Results

One year later, we followed up the 64 Carnation workers to see how they had fared so far. Amazingly, 89% had jobs. Only 11% remained unemployed. Virtually all of the former Carnation workers were employed in manufacturing, for the most part doing the kind of work they had done earlier. More than a third of the workers (35%) had already held two jobs, while 10% had held three or more jobs in the preceding 12 months.

Slightly more than half found jobs through the project (54%), while 30% found their jobs through the union. Thirteen percent found new jobs on their own, and 4% of the workers used resources of both the project and the union. Of the 19 men who had elected training, five had not yet completed their courses.

Table 1 indicates the earnings of the employed Carnation workers, broken down by their ethnic and educational backgrounds. Overall, Table 1 shows, employed workers earned an average hourly wage of \$9.09, a difference of -\$2.13, or 19% less than their former earnings. When wages are broken down by

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Insert Table 1 about here

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workers' ethnic backgrounds, Blacks suffered the least, losing 13%, Whites were in the middle, losing 18%, and Latinos lost the most, 26% of their former wage. When wages are calculated by workers' educational backgrounds, high school graduates lost 16% of their former earnings, while high school dropouts lost more than a third, or 36%.

#### Conclusions and Discussion

On its surface, the Carnation project appears to have succeeded. Nearly 90% of the workers were employed within a year of the closure, and their wages fell overall by only 19%, thus exceeding results of many other dislocated worker projects nationally (U.S. General Accounting Office, 1987). Further, though the personal costs were high, there were no overt tragedies among the Carnation workers--no one committed suicide and only a few chose to weather their unemployment with drugs or alcohol. Despite these outward signs of success, the project's closing was marked by a sense of futility.

While it is impossible to generalize the findings from Carnation to other closures with confidence because of the relatively small numbers of workers, we had the opportunity, as participant observers, to examine this typical closure in great detail. Its impact hit all of the workers hard, but particularly those who were recent immigrants with language problems, and those who had failed to complete high school. Also, middle-aged workers, who in other occupations would have been considered in the prime of their working lives, were hard hit. Too young to retire, yet too old to change, many were caught in a web of circumstances that made it nearly impossible for them to move forward.

As hardworking members of the working class, most had found their way into production jobs guided by a social ethic of casual employment, exchanging their labor for wages. Consequently, most workers found that over time they became trapped by the high wage and the moderately comfortable lifestyle that it bought, particularly in view of their limited opportunities outside of production work. Most took pleasure in relationships formed on-the-job, and became contributing members of their communities. At the same time, many reported becoming numbed to the realities of the outside world by the routines of plant life and the physical demands of work. Though many workers' comments revealed that at some level they were aware of the decline in production work and the likelihood the plant would close, they chose not to face it until their jobs were gone. As noted earlier, many workers described the feeling of life passing them by.

Despite their near-universal belief that education and training were passports to the new economy, it became quickly apparent that few could benefit from the array of education and training options that were presented. Even if the workers had considered the occupations for which they wanted to train, and if they had the academic prerequisites to begin training, most could not afford to be out of work for the time necessary to finish a program. As one worker said, "Training's great, but you can't eat books."

Those who had failed to finish high school, were most likely to score low on tests in the "basics" (reading, writing and arithmetic), and were most likely to suffer the greatest drop in wages after being laid off. Others, who sought jobs in the growth sectors of the local economy frequently failed standardized employment tests. Despite workers' own requests for specialized reading, writing and clinics to prepare them to pass employment tests, most

withdrew the first hours of the program to accept production jobs in the declining manufacturing sector.

The project succeeded by default, becoming largely a job placement program --connecting workers with jobs as they opened. However, such a strategy merely helps one job-seeker's chances at the expense of another particularly when the demand for jobs exceeds the supply. In other words, job placement by itself is a zero-sum game, improving some workers' positions in the job queue, while reducing the chances for others. Further, workers who were lucky enough to land high-paying production jobs found themselves still vulnerable to layoff. Though they were relieved temporarily, they were still employed in a high-risk sector, but now with low seniority. They developed no new abilities to successfully transfer from manufacturing to new growing economic sectors. From this view, the project added little in the way of enduring value.

A number of conclusions from this experience warrant discussion. First, there is little evidence to support the belief that markets sort out costs and benefits of economic dislocations and allocate them fairly. In this case, the market allowed employers to enjoy the fruits of their employees' immobility, which worked against the interests of those who were least able to fend for themselves. A Carnation worker admonished:

Don't go. If I had to do it all over again. I wouldn't even look at these manufacturing jobs like this. All of these companies like Crown-Zellerbach, General Motors and Ford, and the rest of them, you can go to work there for 20 years. Then all of a sudden, THAT'S IT! And if you're not qualified to do anything else, then you're just out there.

As capital moves from declining industries to more productive investments, new jobs are created to offset the loss of the old ones. A prevailing popular view is that displaced workers will be able to find new work in the growth sectors, ~~Despite~~ despite growing evidence to the contrary (Shapira, 1986) the



Carnation experience revealed the extreme difficulty workers had in moving from production jobs in manufacturing, to any other sector. As noted earlier, their immobility stemmed from a complex combination of the workers' natural unwillingness to give up their relatively comfortable lifestyles, coupled with their inability to find steady work in other sectors to support it. Clearly there is a role for government in mitigating the harsh effects of displacement which is disproportionately absorbed by those on the low rungs of the socioeconomic ladder.

Second, retraining is frequently oversold as the solution to helping workers adjust to an increasingly technological workplace. For example, a Department of Labor official wrote about the Administration's rationale:

...training is the vehicle for providing to disadvantaged and dislocated workers the skills that they will need to obtain regular self-supporting employment. The Act emphasizes this commitment by requiring that 70 percent of the resources be expended on training (Dellinger, 1984, p. 195).

However, the value of such training must be taken largely on faith as no reliable data exist as to its results. A recent federal study indicates that placement rates for displaced worker programs range from less than 40% to over 80% depending on the programs' characteristics (U.S. General Accounting Office, 1987). And, as already noted, even if retraining paid off for large numbers of displaced workers, it is unlikely that many would be able to take advantage of it because of their lack of financial resources and their lack of academic preparation.

Third, displaced workers' general lack of formal education is increasingly blamed for their limited occupational mobility and inferior earnings after layoff. As this view has become more popular, greater emphasis is being put on extending the "back to basics" movement to displaced workers as policymakers draw cause-and-effect conclusions from the data. Literacy

programs are becoming an increasingly large part of dislocated worker projects, under the assumption that if workers can read, write and compute, they will be more able to help themselves.

While there is little doubt that literacy and fundamental mathematical abilities are important for people to function in a democracy, the contribution of schooling to workers' ability to function on-the-job is open to question. Studies of individuals with formal schooling reveal that they are more able to remember disconnected bits of information, to organize abstract information into categories, and to solve problems by following rules than are those without it. While these abilities are known to predict success in school, they are of questionable value in predicting on-the-job performance. Researchers who have investigated "everyday cognition" report that individuals without formal schooling are more likely to arrange information into functional patterns, and to learn more by experience than by relying on abstract information and rules (see Rogoff, 1981; Lave, forthcoming; & Scribner, 1984). This growing body of research reveals individuals' formal education or abilities to pass formal tests are not necessarily good measures of their abilities to solve arithmetic problems in everyday life. In fact, individuals who are able to perform arithmetic in everyday life that go well beyond what they learned in school, like the Carnation workers, frequently apologize for not being able to do "proper math."

The growing conventional wisdom that displaced workers need more of the basics so they can be retrained, or function adequately in new jobs, contains a number of dangers. First, it may underestimate workers' abilities and overestimate their limitations, by devaluing skills and abilities they already have. Pencil-and-paper tests have been found to predict success in school, but little else (unless they are actually required on the job). Second,

advancing such policies in the belief that they represent a solution to displacement, like policies that require 70% of JTPA funds to be spent on training, lulls, policymakers and the public into a false sense that the problem has been solved, and thus retards the search for more promising approaches.

Employment and training policies that aim at increasing national productivity but ignore the needs of the nation's seasoned workforce are shortsighted. Perhaps in earlier years, policies that discouraged long-term investments in the nation's labor force made economic sense. During those years, the U.S. dominated world markets, had an expanding economy and plenty of surplus labor. But, as Drucker (1986) points out, the world economy, and the United States' place in it, has already changed radically. U.S. dominance has given way to Japan, Korea, Taiwan, and Hong Kong, and a host of other growing economic powers. Most observers agree that the only way the U.S. can restore a favorable balance of trade is to increase exports.

At the same time, the nation is facing a new domestic scenario. On the one hand, the supply of young workers will not be able to meet the predicted employer demand by 1995. On the other hand, the ethnic make-up of the labor force is changing, reflecting demographic shifts. In the southwest U.S. for example, the entry level labor force of 1995 is predicted to be 85% minority, whose productivity is estimated at 60% that of current workers. Investments in training and education are likely to fall. The national debt whose interest payments require 90 cents of every dollar of savings diverts investment income from producing a quality workforce. Further, an aging population which will surely demand more social security and health care payments will also strain the nation's ability to invest in education and training. Clearly, in order to successfully compete as a world power, the

U.S. will have to do more with less. While new employment and training policies must create incentives for efficiency, they must at the same time take a longer range view to find ways to retool existing American workers for productive lives, helping workers make the transition from dying industries to new ones, and mitigating the negative impact of economic dislocations.

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Table 1

**Comparison of Former and Current Hourly Wages  
by Workers' Ethnic Backgrounds and Education**

	<u>Average Wages</u>		<u>Loss</u>	<u>%Loss</u>
	<u>Carnation</u>	<u>Current</u>		
<u>Ethnic Background</u>				
Black	\$11.22	\$9.81	\$1.41	13%
White	11.22	9.21	2.01	18
Latino	11.22	8.27	2.95	26
<u>Education</u>				
High school or more	\$11.22	\$9.47	\$1.75	16%
High school dropout	11.22	7.15	4.07	36
<u>Overall</u>	\$11.22	\$9.09	\$2.13	19%